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**FISCAL IMPACT STATEMENT**

**LS 7495**

**BILL NUMBER:** SB 575

**NOTE PREPARED:** Apr 7, 2011

**BILL AMENDED:** Apr 7, 2011

**SUBJECT:** Teacher Collective Bargaining.

**FIRST AUTHOR:** Sen. Boots

**FIRST SPONSOR:** Rep. Behning

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) *Temporary Teacher:* This bill extends the use of temporary teacher contracts to hiring for positions funded by grants outside the school funding formula.

*Cancellation:* The bill that the statutory procedures for refusing to continue or canceling a teacher contract may not be modified by a collective bargaining agreement (agreement). It allows a teacher who has been suspended from duty pending the cancellation of a contract to be suspended without pay.

*Committee Representation:* The bill limits the number of teachers the exclusive representative may appoint to serve on statutory or locally created district wide and school wide committees of a school corporation.

*Contracts:* The bill provides that an agreement may not include provisions that limit a school employer's ability to restructure schools that do not meet federal or state accountability standards, or that limit a school employer's ability to enter into programs that offer postsecondary credit or dual credits to students. It provides that an agreement may not extend beyond the end of a state budget biennium. The bill prohibits certain subjects from being bargained collectively, and provides that prohibited subjects and items that lead to deficit financing may not be included in an agreement. It also removes certain items from the list of discussion subjects between a school employer and an exclusive representative. The bill provides that collective bargaining begins before August 1 in the first year of the state budget biennium.

*Unfair Labor Practice:* The bill provides that if a complaint that is filed alleging an unfair practice concerning a subject of discussion is found to be frivolous, the complaining party is liable for costs and attorney's fees.

*Mediation & Factfinding:* The bill modifies the mediation process. It establishes a process for factfinding.

*Repealers:* The bill repeals provisions concerning minimum salary and salary increments for teachers, the definition of "submission date", and a provision allowing the statutory procedures for refusing to continue or canceling a teacher contract to be modified by an agreement, certain provisions concerning mediation and factfinding, and makes conforming changes to related sections.

**Effective Date:** (Amended) Upon Passage; July 1, 2011.

**Explanation of State Expenditures:** (Revised) Within 30 days after the date of the first state ADM count date of the school year in the first year of the state biennium, the Department of Education is required to provide school and teachers a certification of General Fund revenue available for bargaining. The provision could increase the department's costs depending on the models developed to certify the revenue available for collective bargaining.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Temporary Teacher:* The bill could make it easier to terminate a teacher when a grant expires. There would be a savings in administrative costs.

*Cancellation:* The bill would not allow a collective bargaining agreement to modify the state law on cancellation of a contract. The bill would also allow a teacher to be suspended without pay. Currently, a teacher continues to be paid until they are terminated or reinstated. The bill could reduce the administrative costs of canceling a contract. The savings from suspending a teacher without pay would depend on the number of teachers suspended and the salary of the teachers. For the 2010 school year, the average teacher's salary was about \$47,000 a year, or about \$261 per day.

*Committee Representation:* Changing the representation of teachers on school committees should have no fiscal impact.

*Contracts:* The various changes to the collective bargaining law could make it easier for schools to make changes to the school structure and curriculum. Not allowing a bargaining agreement to extend beyond the end of a state budget biennium may require schools to change their bargaining schedule, but once that is done there should be no fiscal impact.

The bill would remove working conditions as a topic to be discussed and can be bargained. The following topics would continue to be discussed:

1. Curriculum development and revision.
2. Textbook selection.
3. Teaching methods.
4. Hiring, evaluation, promotion, demotion, transfer, assignment, and retention of certified employees. Currently, evaluations are not part of the requirement.
5. Student discipline.
6. Expulsion or supervision of students.
7. Pupil/teacher ratio.
8. Class size or budget appropriations.

The bill specifies that the following items would not be allowed to be in a collective bargaining agreement

after June 30, 2011:

1. The school calendar,
2. Teacher evaluation procedures and criteria.
3. Teacher dismissal procedures and criteria.
4. Restructuring options to meet federal or state accountability standards.
5. The employer's ability to enter into programs that offer postsecondary credit or dual credits to students.

The provisions excluded above may make it easier for schools to make changes to the school structure and curriculum.

The bill also clarifies that schools cannot enter into an agreement that puts them in a position of deficit financing.

(Revised) *Mediation & Factfinding*: After at least 60 days of collective bargaining the board can appoint a mediator from the boards staff if impasse occurs. The mediation has to start within 15 days of the notice of impasse. The mediation must consist of not more than 3 mediation sessions and result in either an agreement between the parties or each party's last best offer. The mediation must be completed with in 30 days.

If an agreement has not been agree on within 15 days after mediation the board shall initiate factfinding. Factfinding has to culminate with the factfinder imposing contract term on the parties. The factfinder's order is limited to the terms prosed by the parties in their last, best offer. It is unknown if the cost of mediation and facrfinding will be more or less than the current process.

*Background*: There are about 310 schools or co-ops that collectively bargain. School general fund expenditures for FY 2010 were about \$6.8 B, of which \$6.1 B were for salaries and fringe benefits. For FY 2010, schools spent about \$3.7 M on staff negotiations and relations. For the 2010-2011 school year the Educational Employment Relations Board has analyzed 70 contracts, and the average increase in salary is 0.64% without increment and 2.32% with increment.

(Revised) *Education Employment Relations Board*: The bill would terminate the current term of the members of the Education Employment Relations Board. The Governor would obtain recommendation form the Speaker of the House and the President Pro Tempore of the Senate concerning the appointment members to replace the current members. The provision should have no fiscal impact.

*Unfair Labor Practices*: The impact would depend on the number of frivolous unfair practice complaints filed against schools. The provision could reduce school costs.

*Repealers*: The bill repeals the state minimum teacher's salary statute that specifies that salaries are based on years of service. Schools would still be required to fund any salary schedule within their current resources. The repeal of the degree requirements may make it easier to hire teachers for difficult-to-fill positions.

### **Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education; Education Employment Relations Board

**Local Agencies Affected:** Local schools.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.